

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF BROWNSBURG
HENDRICKS COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
07/02/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Jeanette M. Brickler

01-01-04 to 12-31-11

President of the Town Council

Mike Green
Bill Guarnery

01-01-07 to 12-31-07
01-01-08 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROWNSBURG, HENDRICKS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Brownsburg (Town), for the period of January 1, 2007 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 8, 2008

TOWN OF BROWNSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07 As Restated	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	1,627,098	9,123,157	9,170,822	1,579,433
1% Food and Beverage Tax	306,090	432,667	352,303	386,454
Build Indiana	1,185	-	-	1,185
Building Debt	33,131	2,472,232	2,124,462	380,901
Unsafe Building	46,429	4,543	-	50,972
Clerk's Records Perpetuation	4,940	10,503	7,387	8,056
Donations		6,125	-	6,125
Drug Enforcement/Education	9,524	1,017	-	10,541
Economic Development	1,973,096	3,193,749	941,190	4,225,655
Fire Service Fee	144	-	-	144
Fire Territory Operating	2,621,029	7,680,370	8,173,779	2,127,620
Fire Gift	29,778	32,382	-	62,160
Fire Grant	1,164	58,630	57,448	2,346
Criminal Investigation	4,005	737	-	4,742
Law Enforcement Continuing Education	53,776	19,312	-	73,088
Local Road and Street	477,760	207,691	335,132	350,319
Motor Vehicle Highway	204,975	1,529,160	1,157,655	576,480
Non-Budget	54,344	59,546	60,366	53,524
Park Nonreverting Operating	218,020	393,603	328,211	283,412
Park and Recreation	7,725	2,005	-	9,730
Investigation	18,729	20,827	27,852	11,704
Rainy Day	716,468	715,105	19	1,431,554
Riverboat	298,648	105,965	67,834	336,779
CEDIT Capital Projects	2,276,560	1,869,223	912,338	3,233,445
Municipal Complex	677,265	28,547	379,650	326,162
Cumulative Capital Development	664,674	300,322	217,545	747,451
Cumulative Capital Improvement	378,382	71,065	-	449,447
Fire Equipment	1,545,530	666,882	1,237,346	975,066
Police Officers' Pension	497,390	325,832	235,532	587,690
Redevelopment Authority - as restated - see Note 7	521,706	10,238,415	7,663,102	3,097,019
Proprietary Funds:				
Storm Water Operating	-	765,793	4,766	761,027
Wastewater Utility - Bond and Interest	228,982	492,847	435,960	285,869
Wastewater Utility - Construction	1,455,444	803,047	750,000	1,508,491
Wastewater Utility - Depreciation	488,422	18,245	-	506,667
Wastewater Utility - Operating	1,930,850	2,886,853	3,010,112	1,807,591
Water Utility - Bond and Interest	192,345	138,328	130,233	200,440
Water Utility - Customer Deposit	568,908	87,075	42,876	613,107
Water Utility - Depreciation	156,339	5,018	-	161,357
Water Utility - Operating	2,189,391	2,981,800	3,347,319	1,823,872
Fiduciary Funds:				
County Court	-	72,248	72,248	-
Fire Non-Budget	1,414	7,746	7,746	1,414
Self-Insurance	408,141	1,847,442	2,027,948	227,635
Insurance - Other	25,582	24,834	9,845	40,571
Fire Insurance Claims	190,499	10,491	25,152	175,838
LECEF	34,814	65,720	67,277	33,257
Payroll	44,816	10,611,780	10,612,926	43,670
Town Court	133,298	1,074,507	1,049,899	157,905
Totals	<u>\$ 23,318,810</u>	<u>\$ 61,463,386</u>	<u>\$ 55,044,280</u>	<u>\$ 29,737,915</u>

The accompanying notes are an integral part of the financial information.

TOWN OF BROWNSBURG
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF BROWNSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF.

2. 1925 Police Officers' Pension Plan

Plan Description

The Town contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

TOWN OF BROWNSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

The use of the pay-as-you-go actuarial cost method by the Town results in significant underfunding of the plan.

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the Town is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF.

Note 7. Restatements

For the year ended December 31, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The beginning balance of the Redevelopment Authority has been restated to reflect the actual balance as reflected in the bank accounts. Errors were made in previous years' ledger balances that were not properly corrected and did not reconcile to the bank. Currently the ending ledger balance agrees with the bank balance.

TOWN OF BROWNSBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Town Municipal Complex	\$ 16,540,000	\$ 1,390,000
North Fire Station	\$ 321,092	\$ 62,200
Police Station	\$ 911,720	\$ 130,500
Downtown Fire Station	\$ 691,096	\$ 98,921
Fire Training Facility	\$ 1,111,286	\$ 95,424
Notes and loans payable		
2004 Police Vehicles	\$ 52,695	\$ 53,693
2007 Police Vehicles	\$ 133,990	\$ 44,461
Bonds payable:		
Revenue bonds:		
Northfield Drive	\$ 3,515,000	\$ 398,240
Northfield Drive II	\$ 1,235,000	\$ 300,678
North Beltway	\$ 8,660,000	\$ 459,117
Total governmental activities debt	<u>\$ 33,171,879</u>	<u>\$ 3,033,233</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
2003 Water Improvements	\$ 1,690,000	\$ 128,183
Total Water Utility	<u>\$ 1,690,000</u>	<u>\$ 128,183</u>
Wastewater Utility		
Notes and loans payable		
SRF Loan	\$ 4,385,000	\$ 436,015
Total Wastewater Utility	<u>\$ 4,385,000</u>	<u>\$ 436,015</u>
Total business-type activities debt:	<u>\$ 6,075,000</u>	<u>\$ 564,198</u>

TOWN OF BROWNSBURG
OTHER REPORT

The report presented herein was prepared in addition to another official report prepared for the individual Town office listed below:

Brownsburg Town Court

TOWN OF BROWNSBURG
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditure in excess of budgeted appropriation:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Police Pension	2007	<u>\$ 35,027.09</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Brownsburg owes the Water Utility hydrant rental of \$105,183 and \$466,225 for the years 2006 and 2007, respectively, pursuant to Rate Resolution 91-3 passed by the Council or appropriate governing body on May 9, 1991.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT DEPOSITS (Parks Department)

The Parks and Recreation Department collects cash receipts. The cash collected is then remitted to the Clerk-Treasurer for deposit to the bank. The Parks and Recreation Department remitted collections to the Clerk-Treasurer one day late in two instances of those selected for testing.

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

DEPOSITS (Emergency Medical Services)

We noted two instances in which receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

TOWN OF BROWNSBURG
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2008 with Bill Guarnery, President of the Town Council; Jeanette M. Brickler, Clerk-Treasurer; and James L. Waggoner, Town Manager. The officials concurred with our findings.